|  |  |
| --- | --- |
| |  | | --- | | http://www.dia.govt.nz/diawebsite.nsf/Files/Charities_Services_DIA_Logo/$file/Charities_Services_DIA_Logo.jpg | |
| |  | | --- | | Important information for registered charities  Charities to become more transparent  Hon Craig Foss, Minister of Commerce, and Hon Jo Goodhew, Minister for the Community and Voluntary Sector, have today issued a news release outlining some changes to registered charities' financial reporting. All registered charities must file an Annual Return with [Charities Services](http://www.charities.govt.nz/), and attach a copy of their financial statements. This won't change.  However, there will be changes that mean charities with large expenditures will have to have their financial statements reviewed or audited. Charities with lower levels of expenditure can - if they choose - decide to have their financial statements reviewed or audited, or do neither, and submit unreviewed, unaudited accounts. From 2016, Charities Services will monitor the financial information lodged by charities with their Annual Returns.  Financial statements submitted with charities' Annual Returns are published on the Charities Register, and are available for the public to view.  What will change?  **For charities that are not already required by their rules document to get their financial statements audited or reviewed:**  Charities with annual expenditure   * of $1 million or more - financial statements must be audited by a qualified accountant * between $500,000 and $1 million - financial statements must be reviewed by a qualified accountant * less than $500,000 - can choose to have their financial statements reviewed or audited, or do neither   When will the changes take effect?  It is expected the changes will take effect for charities’ financial years starting on or after 1 April 2015, but charities who don’t currently have a requirement to get their accounts audited or reviewed can opt to have their accounts audited or reviewed if they wish.  What is an audit, and what is a review?  [The External Reporting Board (XRB)](http://xrb.govt.nz/), the body that sets accounting standards for New Zealand entities, has issued a set of [auditing standards](http://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Auditing_Standards/default.aspx) and a set of [review standards](http://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Review_Standards.aspx). The XRB has published a [Glossary](http://xrb.govt.nz/includes/download.aspx?ID=126569) which explains some of the associated terms. An "audit" and a "review" both examine financial statements to be sure they present a fair and accurate representation of the organisation's income and expenditure, and provide transparency. Both are governed by sets of standards, and both should enable donors and supporters of charities to feel assurance that the charity is reporting appropriately on how it is using its money.  Need more information?  Charities Services will provide more information for charities as this change progresses. In the meantime, you might like to read the information published on the website of [the Ministry of Business, Innovation and Employment](http://www.med.govt.nz/business/business-law/financial-reporting-framework-review/audit-and-assurance-for-registered-charities) and, in particular, the [Cabinet paper](http://www.med.govt.nz/business/business-law/pdf-docs-library/financial-reporting-framework/assurance-for-registered-charities/financial-statements-assurance-for-large-and-medium-charities.pdf) outlining the reasons for the change.  You can read the [media release from Hon Craig Foss, Minister of Commerce, and Hon Jo Goodhew, Minister for Community and Voluntary Sector](http://beehive.govt.nz/release/charity-reporting-become-more-transparent)  If you have any further questions, please browse [www.xrb.govt.nz](http://www.xrb.govt.nz/), [audit and assurance for registered charities](http://www.med.govt.nz/business/business-law/financial-reporting-framework-review/audit-and-assurance-for-registered-charities) or email [info@charities.govt.nz](mailto:info@charities.govt.nz) | |